



YOUR VOICE AT THE IRS



National Taxpayer Advocate's Blog: Selected Comments

The [National Taxpayer Advocate's \(NTA\) Blog: Taxpayer Rights and Taxpayer Burden](#) launched on January 11, 2012. Through the blog, NTA Nina E. Olson examines a variety of tax-related topics.

Below is a selection of reader comments and feedback received. This selection of comments is not meant to be statistically representative of the larger group of comments we've received. Note that comments received will not be responded to individually.

April 23, 2012 – Having one contact person to work with would [simplify] the response process and make the taxpayer feel they have someone to go to that understands what is going on with their case. They do not have to repeat their case over and over to different IRS employees.

April 22, 2012 – Thank you, Nina, for this excellent series of blog posts and updates. I sincerely appreciate your efforts to widen the discussion and bridge the gulf between the IRS and taxpayers. I am now experiencing first-hand a Corr Examination and am finding it stressful, time-consuming and draining, all of which directly affect my daily income earning as a self-employed taxpayer. The fact that the initial Examination letter (26 pages!) included duplicated pages, obtuse language, demands for documentation that are clearly trivial and not relevant to any of the objections, and an extensive recalculation of my taxes owing based on the presumption that I will agree (I do not and am responding to all objections with the not-free assistance of a tax advisor) all add insult to injury. On the positive side, I can confirm that when I rang the examiner listed on the cover page of the letter I was put through more or less promptly and she did agree to a three-week extension. I will post a more detailed feedback once the examination is complete. In the meantime, I will check your updates regularly - they're very valuable!

April 12, 2012 – My return is small, \$400 processed by a tax professional. The letter I received said to fax to a number the papers in question. The fax number did not work. In trying to find out what was happening, no one knew. I ended mailing the papers requested--3 plus weeks ago. I have no idea if that is what they really needed or if they need more info. I find the IRS overpaid, too many employees who know nothing of anything and everything. I am tired of being on hold, transferred and not getting anywhere except to be told by the person on the phone they don't know anything.

April 5, 2012 – As a Swedish American, residing in Sweden, I find it positive that TAS went to Sweden for guidance. It shows that the TAS really are the “good guys” in the IRS who are trying to be progressive and improve the relationship with taxpayers. While many Swedes will disagree with me, I would say that the majority of Swedes feel that Skatteverket is helpful. This is shown in customer satisfaction surveys in which the Swedish Tax Authority, Skatteverket, comes out as the Number 1 liked public agency. For those Swedes reading this who will disagree with me, my only comment is that it is all relative. Skatteverket, while tough in enforcing tax collection, is reasonable. The experiences in OVDP and OVDI have shown that the IRS is not. As someone who has experienced both the Swedish and American systems, I also rate the Customer Service in the Swedish Tax Authority highly and consider it to be the way tax collection should be done.

Starting in the 1990s, the Swedish Tax Agency took the decision to simplify their tax forms as well as to develop a tough, but respectful relationship with its “customers”. While the US gives lip service to this in various public forums, Skatteverket truly tries to implement it. While no one likes filling out tax forms, I find the Swedish one simple to understand and can submit them electronically. Compared to filling out dozens of pages on my US tax declaration with calculations that are so complicated that I must pay an accountant, my Skatteverket form is 3 pages long and I can make comments to explain or add things I am declaring. While Swedish is the national language, to make it easy for immigrants to understand, the documents and web pages are available in English and a host of other languages. As far as I can tell, the IRS only made the OVDI program information available in a number of languages – just what was needed to scare immigrants into joining. Proof of the more positive approach of the Swedish Tax Agency is that one can find a document called “Right from the Start” on their website along with the necessary form. The documents cite the Swedish approach based on research into the value of respecting your taxpayers and not declaring them guilty from the start. It can be found on their website:

http://www.skatteverket.se/download/18.612143fd10702ea567b80002569/rapport200501_eng.pdf

Additionally, the Swedish Tax Agency has also presented their philosophy at various international conferences. I refer readers to presentations from the conference at the Inter American Tax Center at:

<http://www.ciat.org/index.php/en/international-cooperation/international-activities/technical-conferences/ponencias/1450-ponencias-conferencia-2010.html>

Take a look at the Swedish presentation and note what they say in their presentation. Compare that to the lip service the US gives to similar issues. The Swedish Tax Agency states: “Tax morale is about taxpayer’s inner motivation to pay taxes. It is about what someone think is the right way to handle a situation. As a consequence, it is not possible to force someone to have a certain morale regarding tax issues. What we as tax administrations can do is however to create an environment and a relationship that contributes to voluntary compliance based on knowledge about what motivates taxpayers to comply. It is in this sense; we in the Swedish Tax Administration have built our strategies.

We have a vision “A society in which everyone is willing to pay their fair share” and goals regarding trust and a good taxpayer relation. We aim to get it “Right from the start”. There are a lot of drivers affecting taxpayer’s compliance behaviour and a recent published OECD note gives a broad overview of research done in this area. The findings indicate that there are a lot of circumstances that affects the taxpayer’s behaviour, like deterrence, norms and fairness. Our findings in The Swedish Tax Agency are that we have realized that we in the past underestimated the importance of perceived fairness and trust when it comes to tax morale and inner motivation. We were too focused on what we were doing and did not reflect enough on how we carried out our activities and how our actions was perceived by the taxpayers. We believe we can contribute to a pro compliance environment and increase inner motivation to comply by understanding things from a taxpayer perspective. In this sense we focus on issues like trust, the way we communicate and procedural justice. The way that agencies carry out their work affects people’s

2 (continued on next page)

perception and trust of the agency. It's not the case that agencies like the Swedish Tax Agency who takes money from people are less popular compared to agencies that gives money in form of different contributions. In Sweden the result is the other way around, the Tax Agency is far more liked compared to the National Insurance Agency who provide different kind of monetary support." It is good that the TAS feels that they can learn from the Swedish Tax Agency. If only the rest of the IRS felt this way.

March 26, 2012 – I just received a CP2000 concerning mismatched 1099-MISC income from self-employment resulting from use of the accrual accounting system. A face-to-face would almost certainly be more effective than the approx. 1.5 days I have spent documenting why my reported income was correctly accrued. It would allow for questions and answers in an interactive setting. Now I have to mail the form and documents in and sweat it out; I will be away from home a lot and it will make it awkward to respond in a timely fashion. Thank you for your concerns. They are almost certainly justified.

March 20, 2012 – As a longtime IRS employee in multiple customer service areas, I can tell you that the main problem with correspondence audits is the difficulty in getting them to acknowledge receipt of documentation. In an office audit, one can say, "Here's this. Do you need anything else?" That opportunity isn't there with correspondence audits. The problem may have more to do with the mail processing/CIS system at service centers than anything else.

March 19, 2012 – I disagree with the premise- what's worse, a correspondence exam or an in-person exam? Give me (and most other honest citizens) a letter to mail back anytime, rather than going to some IRS office, waiting on slow service.

March 14, 2012 – Correspondence auditors are frustrating for both the preparer and the taxpayer as you never get to speak directly with anyone who is actually handling the case. Often responses and notices cross in the mail and the taxpayer gets upset with receipt of a second notice when the preparer has already responded to the first. We warn our clients this is likely to happen.

March 14, 2012 – I can't see how the IRS can issue and enforce a notice of deficiency when a notice comes back as undeliverable-taxpayer has right to produce the documentation and refute the proposed deficiency. There should always be a single person assigned to each audit, and we should be able to fax the information. This would help avoid the issue of correspondence "crossing in the mail". Besides the legalese, include a bulleted "what to do" to make it clear to the taxpayer.

February 13, 2012 – Just read your outstanding research about "real" vs. "unreal" audits. I was floored by the findings. Keep up the great work protecting the taxpayer...especially those that don't have the means to protect themselves. One thing that was left out is that the states are starting to issue similar "unreal" audit letters--especially in NY. And this does not count the unreal audits that the IRS instigates, and then in turn notifies the taxpayer's state (which leads to a state letter). Thanks.

February 9, 2012 – I am a CPA for 30 years and have had several experiences with correspondence audits. None of these have been good. Every time I send in evidence the file is reviewed by a new person who will either ignore what has been done and effectively re-audit the file or just make a new point as to why the expense is rejected. I have called into the center and spoken with up to four different auditors who have worked on one case and they agree with me on the phone but when the report comes out they have rejected again. I have to discuss the lesser of two evils with my clients, continue to pay my fee to fight or give in to an invalid claim by the IRS and pay the additional tax. This is the equivalent to extortion in my opinion. I have to advocate for my client and we have paid thousands of dollars in fraudulent claims by the IRS.

January 26, 2012 – My experience with about 35% of my clients who find themselves in the AUR process is that IRS asks for supporting data as part of the process thus making the "unreal" audit very real. This is particularly true with 1099 basis issues and debt settlement issues. This procedure is congruent with IRS comments at the Tax Forums.
